

## Message Text

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16

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 PRS-01 PA-01 EUR-12 EA-06 /099 W

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R 031959Z JUL 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3825

C O N F I D E N T I A L SANTIAGO 4674

E.O. 11652: GDS

TAGS: EFER, CI

SUBJECT: CHILE DEBT RESCHEDULING

REF: A. SANTIAGO 4626

B. SANTIAGO 7682, DECEMBER 19, 1974

1. SUMMARY. GOC HOPES TO PROCEED RAPIDLY WITH NEGOTIATION OF DEBT RESCHEDULING AGREEMENT WITH OTHER WESTERN CREDITOR COUNTRIES NOW THAT MEMORANDUM OF AGREEMENT WITH U.S. APPROVED. GOC SEES UK AS ONLY MAJOR OBSTACLE IN ITS TIMETABLE. SOME PROGRESS IS BEING MADE IN RESCHEDULING DEBTS WITH SOCIALIST GOVERNMENTS AND SOCIALIST BANKS IN WESTERN EUROPE. END SUMMARY.

2. GOC'S EXTERNAL DEBT COORDINATOR RODOLFO HOFFMANN GAVE EMBOFFS RUNDOWN ON STATUS OF OTHER DEBT NEGOTIATIONS DURING JULY 1 DISCUSSION REPORTED REFTEL A.

3. HOFFMANN WAS OPTIMISTIC ABOUT PROSPECTS FOR EARLY CONCLUSIONS OF DEBT NEGOTIATIONS WITH MOST PARIS CLUB CREDITORS. NEGOTIATIONS WILL NEXT BE UNDERTAKEN WITH SPAIN WHICH HOFFMANN BELIEVES THESE CAN BE SUCCESSFULLY COMPLETED BY MID-JULY. IN LATTER PART JULY, HOFFMANN PLANS TO TRAVEL TO WEST GERMANY, SWITZERLAND, AND POSSIBLY TO UK, THEN TO OTTAWA TO NEGOTIATE WITH CANADIANS.

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HE WILL RETURN TO CHILE IN MID-AUGUST BY WAY OF WASHINGTON

WHERE HE HOPES TO WRAP UP DETAILS ON AGREEMENTS WITH SEPARATE US AGENCIES. HOFFMANN EXPECTS CHILEAN EMBASSY IN TOKYO WILL INITIATE DISCUSSIONS WITH GOJ IN SEPTEMBER. ALTHOUGH NEGOTIATING DATE WITH FRENCH HAS NOT YET BEEN SET, HOFFMANN EXPECTS NO MAJOR PROBLEMS.

4. HOFFMANN TOLD US THAT HE SEES UK AS BIGGEST HURDLE IN WAY OF SUCCESSFUL RESCHEDULING. UK EMBASSY IN SANTIAGO, HE SAID, HAD REACTED NEGATIVELY TO HIS INQUIRIES ABOUT DEBT NEGOTIATIONS. HE PLANS TO TRY AGAIN WITH UK EMBASSY BEFORE TRAVELING TO EUROPE IN HOPE THAT UK EXPORT CREDIT GUARANTEE DEPARTMENT (ECGD) WILL BE WILLING TO TALK TO HIM IN JULY OR EARLY AUGUST. HOFFMANN IS WORRIED THAT UK REFUSAL TO NEGOTIATE WILL ADVERSELY AFFECT 1) WILLINGNESS OF DUTCH, DANES, BELGIANS, AND SWEDES TO RESCHEDULE; AND 2) CHILE'S CREDIT STANDING IN INTERNATIONAL CAPITAL MARKETS.

5. HOFFMANN ALSO ALLUDED TO PROGRESS IN RESCHEDULING DEBTS WITH SOME SOCIALIST COUNTRIES. HE SAID NEGOTIATIONS WITH ROMANIA ON 1974 AND UNPAID PORTION OF 1973 DEBT ARE IN FINAL STAGES AND THAT CHILE IS NEGOTIATING SECOND AGREEMENT WITH OST-WEST BANK TO COVER A SECOND YEAR OF PAYMENTS (OST-WEST REFUSES TO MAKE MULTI-YEAR RESCHEDULING AGREEMENT). CHILE IS NOW UP TO DATE ON ITS PAYMENTS TO ALL OTHER SOCIALIST BANKS IN WESTERN EUROPE. HOFFMANN REPORTED THAT LITTLE PROGRESS HAS BEEN MADE IN NEGOTIATIONS WITH POLISH GOVERNMENT AND NO NEGOTIATIONS HAVE BEEN STARTED WITH USSR, BULGARIA, HUNGARY, AND CONSORTIUM OF SOCIALIST BANKS. NO PAYMENTS ON PRC DEBT HAD BEEN SCHEDULED FOR 1975.

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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